

# KENTUCKY: EXPORTS, JOBS, AND FOREIGN INVESTMENT

## **Exports Mean Jobs for Kentucky's Workers**

- Over one-sixth (17.9 percent) of all manufacturing workers in Kentucky depend on exports for their jobs. This is somewhat less than the national-level share of manufacturing workers supported by exports (20.5 percent). (2001 data latest available)
- Export-supported jobs account for an estimated 7.5 percent of Kentucky's total private-sector employment (roughly one of every 13 jobs). This is slightly greater than the national average of 6.5 percent (one of every 15 jobs). (2001 data latest available).

*Note: Export-related jobs estimates include only jobs supported by exports of manufactured goods; jobs generated by exports of services are excluded. Consequently, the numbers understate the total employment impact of exports. Source: State Export-Related Employment Project, International Trade Administration & Census Bureau.*

## **Exports Help Sustain Thousands of Kentucky Firms—Small As Well As Large**

- A total of 3,552 companies exported goods from Kentucky locations in 2001. Of those, 76 percent were small and medium-sized enterprises with fewer than 500 employees.
- Small and medium-sized firms generated more than one-fourth (27 percent) of Kentucky's total exports of merchandise in 2001.

*Source: Exporter Data Base, International Trade Administration & Census Bureau*

## **Economic Globalization: A Two-Way Street for Kentucky**

- In 2002, majority-owned affiliates of foreign companies employed 87,700 workers in Kentucky.
- More than half of these foreign-investment-supported jobs (61 percent, or 53,300 workers) were in the manufacturing sector in 2002. This was the third largest share among the 50 states.
- Majority-owned affiliates of foreign firms accounted for 20.3 percent—one-fifth—of total manufacturing employment in Kentucky in 2001. This is the fourth highest figure among the states, and significantly higher than the U.S. average of 12.4 percent.
- Foreign investment in Kentucky was responsible for 6 percent of the state's total private-industry employment in 2001. This is above the 5 percent figure for the United States as a whole.
- Major sources of Kentucky's foreign-investment-supported jobs in 2002 were Japan, Germany, Canada, and the United Kingdom.

*Note: All figures exclude employment in banks affiliated with foreign companies. Source: Bureau of Economic Analysis.*

## **Kentucky Depends on World Markets**

- Kentucky's export shipments of merchandise in 2003 totaled \$10.7 billion, up 21 percent from the 1999 level of \$8.9 billion. Kentucky ranked 12<sup>th</sup> among the states in terms of dollar increase in exports from 1999 to 2003 and 16<sup>th</sup> in terms of percentage growth over that period.

- Kentucky exported globally to 165 foreign destinations in 2003. The state's largest market, by far, was NAFTA member Canada. Kentucky posted exports of \$3.4 billion to Canada, or 32 percent of the state's 2003 total. Canada was followed by Japan (2003 exports of \$983 million), the United Kingdom (\$850 million), France (\$740 million), and NAFTA member Mexico (\$518 million). Other top markets included the Netherlands, Australia, Germany, Taiwan, and Belgium.
- Kentucky's biggest growth market, in dollar terms, was Canada. From 1999 to 2003, export shipments to Canada rose from \$2.9 billion to \$3.4 billion, an increase of 18 percent, or \$522 million. Other countries to which Kentucky recorded large increases in merchandise exports over this period were Japan (exports up \$292 million), Taiwan (up \$247 million), Australia (up \$235 million), and China (up \$173 million).
- Of Kentucky's major markets, exports to Russia grew the fastest over the 1999-2003 period. Kentucky's exports of goods to Russia surged from \$3.5 million in 1999 to \$72.5 million in 2003—an increase of nearly 2,000 percent. Other major markets to which Kentucky more than doubled its exports from 1999 to 2003 were Taiwan (exports up 449 percent), China (up 272 percent), Australia (up 148 percent), Norway (up 132 percent), and South Korea (up 107 percent).
- The state's leading export category in 2003 was transportation equipment, which alone accounted for 35 percent, or \$3.7 billion, of Kentucky's total merchandise exports. Other top exports were chemical manufactures (2003 exports of \$2.0 billion), machinery manufactures (\$917 million), computers and electronic products (\$740 million), and primary metal manufacturing (\$348 million).
- In dollar terms, Kentucky's leading manufactured export growth category is chemical manufactures. Export shipments of these products during the 1999-2003 period grew from \$1.1 billion to \$2.0 billion—an increase of \$913 million. Other manufactured export categories that registered large dollar growth from 1999 to 2003 were transportation equipment (up \$182 million), machinery manufactures (up \$135 million), non-metallic mineral manufactures (up \$111 million), and fabricated metal products (up \$105 million).
- In percentage terms, Kentucky's fastest-growing manufactured export category is leather and related products, which grew 364 percent from \$19.7 million in 1999 to \$91.7 million in 2003. Other fast-growing manufactured exports during this period were fabric mill products (up 182 percent), non-apparel textile products (up 160 percent), chemical manufactures (up 83 percent), and petroleum and coal products (up 77 percent).

*Source: Origin of Movement State Export Series, Bureau of the Census.*

*Caution: The Origin of Movement series allocates exports to states based on transportation origin, i.e., the state from which goods began their journey to the port (or other point) of exit from the United States. The transportation origin of exports is not always the same as the location where the goods were produced. Consequently, conclusions about "export production" in a state should not be made solely on the basis of the Origin of Movement state export figures.*

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